

**Action Summary – 11 November 2019**

Analyst Theodore R. O'Neill - *Review of 1Q20 results – raising estimates*

- **Substantial beat versus 1Q20 expectations.** AVNW reported non-GAAP EPS of \$0.52 on \$58.6 million vs our estimates of non-GAAP EPS of \$0.33 on \$57.5 million of revenue – There are no consensus estimates
- **GAAP results were impacted by a steep tax accrual and restructuring charge** – excluding the restructuring charge, had the company booked our estimated 20% tax accrual, GAAP EPS would have been \$0.40, exceeding our \$0.23 estimate by 74%
- **Company reiterated 1H20 guidance** – 1H20 revenue to decline modestly compared to 1H19 but margins will increase significantly resulting in 1H20 adjusted EBITDA to rise ~39% over 1H19
- **Company executing on optimization of cost structure.** Market not focusing on internal cost re-alignment effects that will lever future earnings
- **Raising estimates** – We are raising our FY20 and FY21 EPS estimates. FY21 non-GAAP EPS rises to \$1.49 from \$1.41 and FY21 rises to \$1.68 from \$1.10. FY20 sales rise to \$242.7 million from \$238.7 million. FY21 revenue rises to \$251.3 million from \$242.4 million

11/8 Closing price: \$13.91	Market cap: \$78 million	2020 P/E: 8	EV/2020 Sales: 0.28
Shares outstanding: 5.6 million	Insider ownership: 8.4%	Avg. trading volume: 8,400	Dividend/Yield: NA/NA

**Non-GAAP estimates (EPS in dollars – Revenue in millions)**

Period	Non-GAAP EPS	Revenue	Op Margin
1Q19A	\$(0.12)	\$60.5	(2.5%)
2Q19A	\$0.54	\$65.1	4.4%
3Q19A	\$(0.33)	\$54.0	(4.5%)
4Q19A	\$0.47	\$64.2	3.9%
FY19A	\$0.58	\$243.8	0.6%
1Q20A	\$0.52	\$58.6	2.6%
2Q20E	\$0.57	\$61.8	4.6%
3Q20E	\$0.14	\$56.7	0.8%
4Q20E	\$0.26	\$65.5	3.6%
FY20E	\$1.49	\$242.7	2.4%
1Q21E	\$0.32	\$61.2	3.4%
2Q21E	\$0.42	\$63.7	4.4%
3Q21E	\$0.08	\$59.6	0.6%
4Q21E	\$0.42	\$66.8	4.2%
FY21E	\$1.68	\$251.3	3.2%

Note: Numbers may not add due to rounding. See our full model in the back of this report. Upward revisions in green, downward revisions in yellow and new in blue.

**Cash balance (in millions)**

• 2019A	• \$31.9
• 2020E	• \$37.5
• 2021E	• \$44.6

**Debt (in millions)**

• 2019A	• \$9.0
• 2020E	• \$9.0
• 2021E	• \$9.0

**Adj. EBITDA (in millions)**

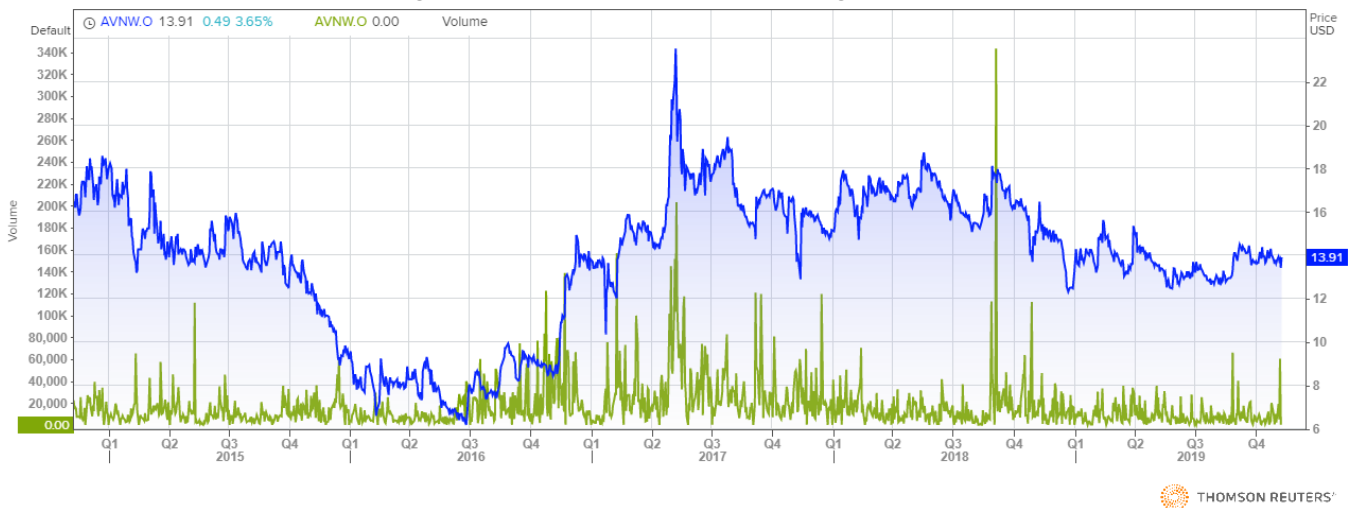
• 2019A	• \$8.8
• 2020E	• \$12.9
• 2021E	• \$15.1

**Risks/Valuation**

- Risks include: Highly competitive business; changes in customer demand
- Trading volume is low. The three-month average is 8,400 shares/day
- Our \$18 target is derived using a discounted future earnings model

**Company description:** Aviat Networks, Inc. (NASDAQ: AVNW) is a full-service global provider of microwave networking solutions transforming communications networks to handle the rapid growth of IP-centric, multi-Gigabit data services. With more than one million systems sold over 140 countries.

Figure 1 – Aviat Networks, Inc. - Trading snapshot



Source: Thomson Reuters Eikon

## Quarterly Results

The company reported a substantial beat versus 1Q20 expectations. It reported non-GAAP EPS of \$0.52 on \$58.6 million vs our estimates of non-GAAP EPS of \$0.33 on \$57.5 million of revenue. There are no consensus estimates. Historically the company has seen significant quarter-to-quarter variations in tax accruals, thus our focus on non-GAAP EPS. See Figure 2 (below).

Figure 2 – Aviat Networks, Inc. – Non-GAAP Calculation (\$ in 000 except per share)

<b>Non-GAAP EPS Calculation</b>			
GAAP Pre-tax	\$1,657	\$1,602	(\$55)
Add back Share based Comp	500	407	(93)
Add back Restructuring Charge		1,177	1,177
Add back Strategic Alternative Costs			0
Less WTM Inventory Recovery			0
<b>Less non-GAAP Tax Expense</b>	<b>(300)</b>	<b>(300)</b>	<b>0</b>
Non-GAAP Net income	<u>\$1,857</u>	<u>\$2,886</u>	<u>\$1,029</u>
Non-GAAP EPS	\$0.33	\$0.52	\$0.19
Share count	5,650	5,530	(120)

Source: Company reports and Litchfield Hills Research LLC

GAAP results were impacted by a steep tax accrual and restructuring charge. Adjusting for both the restructuring charge and normalized tax accrual of 20%, the company would have reported GAAP EPS of \$0.40 which would have been \$0.17 better than our \$0.23 EPS estimate. You can see this in the variance analysis in Figure 3 (below).

**Figure 3 – Aviat Networks, Inc. – Adjusted 1Q20 Results and Variance Analysis**

(\$000 except per share)	1Q20E	1Q20A	Better / (Worse) Than Estimates
<b>Income Statement</b>			
Revenue from product sales	\$37,169	\$36,594	(\$575)
Revenue fom services	<u>20,310</u>	<u>22,020</u>	<u>1,710</u>
Total Revenue	57,479	58,614	1,135
Cost of product sales	23,000	20,822	2,178
Cost of services	<u>13,500</u>	<u>15,236</u>	<u>(1,736)</u>
Total cost of products sold	36,500	36,058	442
Gross profit from product sales	14,169	15,772	1,603
Gross profit from services	<u>6,810</u>	<u>6,784</u>	<u>(26)</u>
Total Gross Profit	20,979	22,556	1,577
Operating expenses:			
R&D	5,500	5,216	284
SG&A	14,000	14,644	(644)
Restructuring & Other One-Time Items	<u>0</u>		<u>0</u>
Total Expenses	<u>19,500</u>	<u>19,860</u>	<u>(360)</u>
Earnings (loss) from Operations	1,479	2,696	1,217
Total Other income/(expense)	<u>178</u>	<u>83</u>	<u>(95)</u>
Earnings before taxes	1,657	2,779	1,122
Tax expense/(benefit)	<u>331</u>	<u>556</u>	<u>(224)</u>
Net income	<u>\$1,325</u>	<u>\$2,223</u>	<u>\$898</u>
EPS	\$0.23	\$0.40	\$0.17

Source: Litchfield Hills Research LLC

## Valuation Methodology

We believe AVNW is undervalued and we support that belief with a series of valuation techniques. We use two different techniques, below. For the purposes of determining our price target we use a discounted future earnings model. The following valuation techniques are being used:

- 1) The discounted value of all future earnings was used for our price target (see Figure 4)
- 2) Valuation relative to peers (see Figure 5)

## Discounted Future Earnings – Basis for Price Target

Our 12-month price target of \$18 is based on a discounted earnings model. For valuation purposes, we sum up all future earnings discounted at 10%. We assume approximately 5% growth for earnings which steps down to GDP after 5-7 years. Our valuation model is shown in Figure 4 below. Note, this model understates future new products and growth through acquisitions and probably understates the tax benefits, but offsetting that, the earnings never have a down year. The implied share price is \$18.05 which we round down to \$18. This is approximately a 33% increase over the current price. We would point out that the stock has traded within 2 cents of this target in the last 14 months.

Figure 4 – Aviat Networks, Inc. – Price Target Calculation

Target Price:		\$18.05
Year	Forecast EPS	Discounted EPS
1	\$0.71	\$0.71
2	\$1.23	\$1.02
3	\$1.29	\$0.97
4	\$1.36	\$0.93
5	\$1.43	\$0.88
Terminal Value		\$13.54

Source: Litchfield Hills Research LLC

## Valuation Relative to Peers

In Figure 5 we look at a summary of AVNW peers according to market cap. It is clear that on average, the multiples shrink with increased market cap. If we compare AVNW to a simple average of its peers, the shares sell at a significant discount on all measures ranging from 49% to 83%. These metrics indicate the stock price should be somewhere between 99% to more than 100% higher than where it is today. Details on each of the peers can be found in Figure 6 near the back of the report. In the detailed Figure 6, PE calculations are calendar. In order to make the comparison more conservative, we eliminated multiples that were well above the mean and replaced them with NA.

Figure 5 – Aviat Networks, Inc. – Discount to Peers

	2019 EV/Sales	2020 EV/Sales	2019 Sales Multiple	2019 EV/EBITDA	2019 Calendar PE
Average	1.77	1.59	1.50	17.96	15.12
AVNW	0.29	0.28	0.30	5.11	6.6
<b>Discount to peers</b>	<b>-83%</b>	<b>-82%</b>	<b>-80%</b>	<b>-69%</b>	<b>-56%</b>

Source: Litchfield Hills Research LLC and Refinitiv Eikon (Formerly Thomson Reuters Eikon)

## Guidance and Financial Forecasts

Company reiterated guidance for 1H20. The Company anticipates revenue in the first half of fiscal 2020 to be modestly down compared to the prior fiscal year period, but based on the mix of business, gross margins are expected to increase significantly and are tracking towards a higher sustainable run rate. The company sees non-GAAP gross margins trending upwards in the first half of fiscal 2020, and anticipating they will come north of 35% in both quarters. It will continue to manage the operating expense side with a bias towards investing more in growth and value-added activities.

Our financial forecast assumes a modest revenue decline for FY20 followed by a modest increase in FY21. We have tried to take a conservative approach towards our estimates for FY21, however we now assume the low level of sales outside of NA will rebound in 2021. We made some minor changes to the balance sheet and raised margins modestly for 3Q20 and lowered them modestly for 4Q19. We are raising our FY20 and FY21 EPS estimates. FY21 non-GAAP EPS rises to \$1.49 from \$1.41 and FY21 rises to \$1.68 from \$1.10. FY20 sales rise to \$242.7 million from \$238.7 million. FY21 revenue rises to \$251.3 million from \$242.4 million

## Company Overview

Aviat was incorporated in Delaware in 2006 to combine the businesses of Harris Corporation's Microwave Communications Division ("MCD") and Stratex Networks, Inc. ("Stratex"). On January 28, 2010, it changed Aviat's corporate name from Harris Stratex Networks, Inc. to Aviat Networks, Inc.

Aviat Networks, Inc., together with its subsidiaries, is a global supplier of microwave networking solutions, backed by an extensive suite of professional services and support.

Aviat designs, manufactures and sells a range of wireless networking products, solutions and services to two principal customer types:

**Communications Service Providers (CSPs):** These include mobile and fixed telecommunications network operators, broadband and internet service providers and network operators which generate revenues from the communications services that they provide.

**Private network operators:** These are customers which do not resell communications services but build networks for reasons of economics, autonomy, and or security to support a wide variety of mission critical performance applications. Examples include, federal, state and local government agencies, transportation agencies, energy and utility companies, public safety agencies and broadcast network operators around the world.

It sells products and services directly to its customers, and, to a lesser extent, uses agents and resellers.

Aviat's products utilize microwave and millimeter wave technologies to create point to point wireless links for short, medium and long-distance interconnections. Aviat's products incorporate Ethernet switching and IP routing capabilities optimized for a microwave and millimeter wave environment and for hybrid applications of microwave and optical fiber transport, to form complete networking solutions. It provides software tools and applications to enable deployment, monitoring, network management and optimization of its systems as well as to automate network design and procurement. Aviat also sources, qualifies supply and support third party equipment such as antennas, routers, optical transmission equipment and other equipment necessary to build and deploy a complete telecommunications transmission network. It provides a full suite of professional services for planning, deployment, operations, optimization and maintenance for its customers' networks.

Aviat's wireless systems deliver urban, suburban, regional and country-wide communications links as the primary alternative to fiber optic connections. In dense urban and suburban areas, short range wireless solutions are faster to deploy and lower cost per mile than new fiber deployments. In developing nations, fiber infrastructure is scarce and wireless systems are used for both long and short distance connections. Wireless systems also have advantages over optical fiber in areas with rugged terrain and to provide connections over bodies of water such as between islands or to offshore oil and gas production platforms. Through the air wireless transmission is also inherently lower in latency than transmission through optical cables and can be leveraged in time sensitive networking applications.

Revenue from Aviat's North America and international regions represented approximately 54% and 46%, respectively, of Aviat's revenue in fiscal 2019, 54% and 46%, respectively, of Aviat's revenue in fiscal 2018, and 55% and 45%, respectively, of Aviat's revenue in fiscal 2017.

Figure 6 – Aviat Networks, Inc. – Comp Table

Ticker	Company Name	Last	Market Cap (Millions, usd)	EV (Millions, usd)	2019 PE	2020 PE	2019 Sales Multiple	2019 EV / EBITDA	2020 EV / EBITDA	2019 EV / Sales	2020 EV / Sales	Price to Book
ERIC.O	Telefonaktiebolaget LM Ericsson	9.05	30,163.24	28,430.76	20.53	16.80	1.27	9.53	7.34	1.20	1.15	3.60
NOK	Nokia Oyj	3.57	20,105.15	20,569.79	16.17	13.41	0.78	7.15	7.11	0.79	0.78	1.26
000063.SZ	ZTE Corp	32.85	18,428.71	21,183.48	30.90	23.15	1.34	14.66	13.84	1.54	1.28	4.12
6701.T	NEC Corp	4,340.00	10,345.51	15,898.09	15.29	13.03	0.37	7.23	6.91	0.57	0.57	1.32
CIEN.K	Ciena Corp	37.45	5,746.96	5,595.78	17.16	14.42	1.61	9.62	8.41	1.57	1.47	2.72
600498.SS	Fiberhome Telecommunications Corp	26.87	4,509.98	5,614.40	32.13	27.00	1.20	26.06	21.45	1.50	1.30	2.92
MRCY.O	Mercury Systems Inc	70.48	3,879.26	3,717.96	33.26	29.11	NA	21.29	18.38	4.72	4.22	2.94
002281.SZ	Accelink Technologies Co Ltd	27.93	2,710.42	2,632.02	45.79	33.17	3.35	37.92	28.50	3.25	2.66	4.23
002583.SZ	Hytera Communications Corp	8.97	2,362.16	3,122.24	29.52	19.85	1.99	17.10	13.55	2.63	2.11	2.65
KTOS.O	Kratos Defense and Security	19.78	2,098.82	1,972.52	58.82	43.47	2.88	25.51	21.38	2.70	2.39	3.70
MXL	MaxLinear Inc	20.3	1,437.04	1,577.55	25.33	24.68	4.53	17.01	17.77	4.97	4.96	3.48
CMTL.O	Comtech Telecommunications Corp	35.33	845.74	965.92	25.64	19.49	1.18	9.66	8.86	1.34	1.28	1.58
ADTN.O	ADTRAN Inc	9.63	451.00	351.44	NA	NA	0.86	NA	25.03	0.67	0.69	1.14
GILT.OQ	Gilat Satellite Networks Ltd	7.91	437.70	406.12								1.95
CALX.K	Calix Inc	7.54	416.17	404.66	NA	33.44	0.98			0.96	0.89	2.85
DGII.OQ	Digi International Inc	14.94	398.41	312.07	43.73	29.62	1.59	12.09	9.13	1.24	1.15	1.15
ADAG.DE	ADVA Optical Networking SE	6.89	381.90	464.62	28.49	20.41	0.62	5.81	5.17	0.76	0.71	1.36
CASA.OQ	Casa Systems Inc	3.53	307.34	477.60			1.18	57.16	18.70	1.83	1.32	4.88
CMBM.OQ	Cambium Networks Corp	7.26	221.46	248.62	14.59	12.14	0.81	9.60	7.04	0.91	0.81	5.84
CRNT.OQ	Ceragon Networks Ltd	1.82	145.22	142.09	<u>32.80</u>	<u>24.19</u>	<u>0.51</u>	NA	NA	<u>0.50</u>	<u>0.48</u>	<u>0.88</u>
	<b>AVERAGE</b>				29.38	23.37	1.50	17.96	14.03	1.77	1.59	2.73
AVNW.O	Aviat Networks Inc	13.91	71.52	48.57	15.12	11.31	0.30	5.50	5.11	0.29	0.28	1.01
	<b>Aviat Premium/(Discount) to Peers</b>				<b>-49%</b>	<b>-52%</b>	<b>-80%</b>	<b>-69%</b>	<b>-64%</b>	<b>-83%</b>	<b>-82%</b>	<b>-63%</b>

Source: Litchfield Hills Research LLC and Refinitiv Eikon (formerly Thomson Reuters Eikon)

**Figure 7 – Aviat Networks, Inc. – Income Statement**

(\$ in thousands except per share)

June ending year	2017 Year	2018 Year	2019				2019 Year	2020E				2020E Year	2021E				2021E Year
			Q1	Q2	Q3	Q4		Q1A	Q2E	Q3E	Q4E		Q1E	Q2E	Q3E	Q4E	
Revenue from product sales	\$153,517	\$151,685	\$39,125	\$41,956	\$34,615	\$41,028	\$156,724	\$36,594	\$39,858	\$36,346	\$41,849	\$154,647	\$38,058	\$41,054	\$38,163	\$42,686	159,960
Revenue from services	88,357	90,821	21,379	23,132	19,422	23,201	87,134	22,020	21,975	20,393	23,665	88,054	23,121	22,635	21,413	24,138	91,307
<b>Total revenue</b>	<b>\$241,874</b>	<b>\$242,506</b>	<b>\$60,504</b>	<b>\$65,088</b>	<b>\$54,037</b>	<b>\$64,229</b>	<b>\$243,858</b>	<b>\$58,614</b>	<b>\$61,834</b>	<b>\$56,739</b>	<b>\$65,514</b>	<b>\$242,700</b>	<b>\$61,179</b>	<b>\$63,689</b>	<b>\$59,576</b>	<b>\$66,824</b>	<b>\$251,267</b>
Growth	-10%	0%	8%	5%	-13%	3%	1%	-3%	-5%	5%	2%	0%	4%	3%	5%	2%	4%
Cost of product sales	105,183	100,112	26,799	26,159	23,712	26,847	103,517	20,822	23,500	22,500	28,000	94,822	23,500	25,500	24,500	27,000	100,500
Cost of services	61,219	61,891	15,780	16,439	14,070	14,782	61,071	15,236	15,000	14,000	16,000	60,236	15,500	15,000	14,500	16,500	61,500
Cost of Goods	166,402	162,003	42,579	42,598	37,782	41,629	164,588	36,058	38,500	36,500	44,000	155,058	39,000	40,500	39,000	43,500	162,000
<b>Gross Profit</b>	<b>75,472</b>	<b>80,503</b>	<b>17,925</b>	<b>22,490</b>	<b>16,255</b>	<b>22,600</b>	<b>79,270</b>	<b>22,556</b>	<b>23,334</b>	<b>20,239</b>	<b>21,514</b>	<b>87,642</b>	<b>22,179</b>	<b>23,189</b>	<b>20,576</b>	<b>23,324</b>	<b>89,267</b>
<b>Gross Margin</b>	<b>31.2%</b>	<b>33.2%</b>	<b>29.6%</b>	<b>34.6%</b>	<b>30.1%</b>	<b>35.2%</b>	<b>32.5%</b>	<b>38.5%</b>	<b>37.7%</b>	<b>35.7%</b>	<b>32.8%</b>	<b>36.1%</b>	<b>36.3%</b>	<b>36.4%</b>	<b>34.5%</b>	<b>34.9%</b>	<b>35.5%</b>
R&D	18,684	19,750	4,937	5,316	5,350	5,508	21,111	5,216	5,500	5,550	5,600	21,866	5,500	5,600	5,800	5,700	22,600
SG&A	57,184	58,157	13,706	14,291	13,408	14,650	56,055	14,644	15,000	14,250	14,800	58,694	14,600	14,800	14,400	14,800	58,600
One-time expenses/restructuring	589	1,279	796	0	0	(60)	736	1,177	0	0	0	1,177	0	0	0	0	0
Total Operating Expenses	76,457	79,186	19,439	19,607	18,758	20,098	77,902	21,037	20,500	19,800	20,400	81,737	20,100	20,400	20,200	20,500	81,200
Operating expense margins	32%	33%	32%	30%	35%	31%	32%	36%	33%	35%	31%	34%	33%	32%	34%	31%	32%
<b>Operating Income</b>	<b>(985)</b>	<b>1,317</b>	<b>(1,514)</b>	<b>2,883</b>	<b>(2,503)</b>	<b>2,502</b>	<b>1,368</b>	<b>1,519</b>	<b>2,834</b>	<b>439</b>	<b>1,114</b>	<b>5,905</b>	<b>2,079</b>	<b>2,789</b>	<b>376</b>	<b>2,824</b>	<b>8,067</b>
<b>Operating Margin</b>	<b>-0.4%</b>	<b>0.5%</b>	<b>-2.5%</b>	<b>4.4%</b>	<b>-4.6%</b>	<b>3.9%</b>	<b>0.6%</b>	<b>2.6%</b>	<b>4.6%</b>	<b>0.8%</b>	<b>1.7%</b>	<b>2.4%</b>	<b>3.4%</b>	<b>4.4%</b>	<b>0.6%</b>	<b>4.2%</b>	<b>3.2%</b>
Total Other Items	178	(508)	46	(33)	65	104	182	83	178	178	178	617	178	178	178	178	712
<b>Pre-Tax Income</b>	<b>(807)</b>	<b>809</b>	<b>(1,468)</b>	<b>2,850</b>	<b>(2,438)</b>	<b>2,606</b>	<b>1,550</b>	<b>1,602</b>	<b>3,012</b>	<b>617</b>	<b>1,292</b>	<b>6,522</b>	<b>2,257</b>	<b>2,967</b>	<b>554</b>	<b>3,002</b>	<b>8,779</b>
<b>Pre-Tax Margin</b>	<b>-0.3%</b>	<b>0.3%</b>	<b>-2.4%</b>	<b>4.4%</b>	<b>-4.5%</b>	<b>4.1%</b>	<b>0.6%</b>	<b>2.7%</b>	<b>4.9%</b>	<b>1.1%</b>	<b>2.0%</b>	<b>2.7%</b>	<b>3.7%</b>	<b>4.7%</b>	<b>0.9%</b>	<b>4.5%</b>	<b>3.5%</b>
Taxes (benefit)	16	(1,036)	(718)	540	(6,777)	(1,233)	(8,188)	1,548	602	123	258	2,532	451	593	111	600	1,756
Tax Rate	-2.0%	-128.1%	48.9%	18.9%	278.0%	-47.3%	-528.3%	96.6%	20.0%	20.0%	20.0%	38.8%	20.0%	20.0%	20.0%	20.0%	20.0%
<b>Net Income (loss)</b>	<b>(823)</b>	<b>1,845</b>	<b>(750)</b>	<b>2,310</b>	<b>4,339</b>	<b>3,839</b>	<b>9,738</b>	<b>54</b>	<b>2,409</b>	<b>493</b>	<b>1,033</b>	<b>3,990</b>	<b>1,805</b>	<b>2,373</b>	<b>443</b>	<b>2,401</b>	<b>7,023</b>
<b>Net Margin</b>	<b>-0.3%</b>	<b>0.8%</b>	<b>-1.2%</b>	<b>3.5%</b>	<b>8.0%</b>	<b>6.0%</b>	<b>4.0%</b>	<b>0.1%</b>	<b>3.9%</b>	<b>0.9%</b>	<b>1.6%</b>	<b>1.6%</b>	<b>3.0%</b>	<b>3.7%</b>	<b>0.7%</b>	<b>3.6%</b>	<b>2.8%</b>
<b>Adjusted EPS</b>	<b>(0.16)</b>	<b>0.68</b>	<b>(0.12)</b>	<b>0.54</b>	<b>(0.33)</b>	<b>0.47</b>	<b>0.58</b>	<b>0.52</b>	<b>0.57</b>	<b>0.14</b>	<b>0.26</b>	<b>1.49</b>	<b>0.43</b>	<b>0.56</b>	<b>0.13</b>	<b>0.56</b>	<b>1.68</b>
Share count	5,292	5,647	5,366	5,627	5,577	5,578	5,618	5,530	5,660	5,670	5,680	5,635	5,690	5,700	5,710	5,720	5,705

Sources: Company reports and Litchfield Hills Research, LLC

Figure 8 – Aviat Networks, Inc. – Balance Sheet

(\$ in thousands)					
June ending year	2021E	2020E	2019	2018	2017
<b>Balance sheet</b>					
Current Assets					
Cash and S.T.I.	\$44,569	\$37,546	\$31,946	\$37,428	\$36,463
Accounts receivable	50,000	50,000	51,937	43,068	45,945
Inventories	10,000	12,000	8,573	21,290	21,794
Other assets	6,000	6,000	5,761	7,513	8,273
<b>Total Current Assets</b>	<b>138,569</b>	<b>132,546</b>	<b>125,997</b>	<b>123,466</b>	<b>124,585</b>
Net PP&E	17,500	17,500	17,255	17,179	16,406
Other non-current assets	33,000	32,000	25,941	15,416	11,585
<b>Total Assets</b>	<b>\$189,069</b>	<b>\$182,046</b>	<b>\$169,193</b>	<b>\$156,061</b>	<b>\$152,576</b>
Current Liabilities					
Accounts payable	\$30,000	\$32,000	\$35,605	\$30,878	\$33,606
Accrued expenses	42,000	41,000	36,517	45,164	41,937
Other current liabilities	14,000	13,000	10,089	10,426	10,475
<b>Total current liabilities</b>	<b>86,000</b>	<b>86,000</b>	<b>82,211</b>	<b>86,468</b>	<b>86,018</b>
Unearned revenue	10,000	11,000	9,662	6,593	7,062
Other non-current	8,000	8,000	5,804	5,484	5,156
<b>Total Liabilities</b>	<b>104,000</b>	<b>105,000</b>	<b>97,677</b>	<b>98,545</b>	<b>98,236</b>
Stockholders' Equity					
Preferred stock					
Total stockholders' equity	85,069	77,046	71,516	57,516	54,340
<b>Total Liabilities and equity</b>	<b>\$189,069</b>	<b>\$182,046</b>	<b>\$169,193</b>	<b>\$156,061</b>	<b>\$152,576</b>

Sources: Company reports and Litchfield Hills Research, LLC



**Figure 9 – Aviat Networks, Inc. – Cash Flow**

(\$ in thousands)				
	<b>2021E</b>	<b>2020E</b>	<b>2019</b>	<b>2018</b>
Net Income	\$7,023	\$3,990	\$9,738	\$1,845
Accounts receivable	0	1,937	(8,869)	2,877
Unbilled receivables	(1,000)	780	(13,613)	(2,057)
Inventories	2,000	(3,427)	12,717	504
Other assets	0	(239)	1,752	760
PP&E	0	(245)	(76)	(773)
Other non-current	(1,000)	(6,059)	(10,525)	(3,831)
Accounts payable	(2,000)	(3,605)	4,727	(2,728)
Accrued expenses	(1,000)	445	(3,309)	3,931
Advanced payments	2,000	4,038	(5,338)	(704)
Other current liabilities	1,000	2,911	(337)	(49)
Unearned revenue	(1,000)	1,338	3,069	(469)
Other non-current	0	2,196	320	328
Preferred stock	0	0	0	0
Commons stock	0	0	0	1
Additional paid in capital	1,000	804	(1,230)	2,693
Accumulated other comp. loss and other	0	736	(131)	(1,363)
Dividend and/or tax adj.			5,623	
<b>Total Cash Flow</b>	<b>\$7,023</b>	<b>\$5,600</b>	<b>(\$5,482)</b>	<b>\$965</b>

Source: Litchfield Hills Research, LLC

**Disclosures:**

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